



Township of Marathon

Lapeer County, Michigan

Audited Financial Report
March 31, 2004

411-105

Lehn L. King

Certified Public Accountant
Marlette, Michigan

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Name (Specify) <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other Marathon Township		County Lapeer	
Audit Date March 31, 2004	Opinion Date June 9, 2004	Date Accountant Report Submitted to State: June 9, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Lehn L. King, C.P.A.			
Street Address 3078 S. Main Street	City Marlette	State MI	ZIP 48453
Accountant Signature <i>Lehn L. King</i>			

Township of Marathon
Annual Financial Report
For The Fiscal Year Ended March 31, 2004

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Members of the Township Board
Marathon Township
Lapeer County, Michigan

Independent Auditor's Report

I have examined the General Purpose Financial Statements of Marathon Township as of March 31, 2004, as listed in the Table of Contents, for the year then ended. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the General Purpose Financial Statement referred to above present fairly, in all material respects, the financial position of Marathon Township, at March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

My examination was made for the purpose of forming an opinion on the General Purpose Financial Statements taken as a whole. The individual combining funds financial statement listed in the table of contents is presented for purposes of additional analysis rather than to present the financial position, and results of operations of its individual funds. This information has been subjected to the auditing procedures applied in the examination of the General Purpose Financial Statements and, in my opinion, is stated fairly in all material respects in relation to the General Purpose Financial Statements taken as a whole.

Lehn King

Certified Public Accountant
June 9, 2004

**Combined Statements -
Overview**
(General Purpose Financial Statements)

Township of Marathon

Combined Balance Sheet - All Fund Types & Account Groups
March 31, 2004

Governmental Fund Types									
	Special Revenue		Fiduciary Fund Type	Account Groups			Totals (Memorandum Only)		
	General Fund	Building Inspection Fund		General		Long-Term Debt			
				Fixed Assets					
Assets									
Cash & Certificates of Deposit	\$ 122,629	\$ 20,938	\$ 9,600	\$ 0	\$ 0	\$ 0	\$ 153,167		
Due From Other Funds	2,410	0	4,646	0	0	0	7,056		
Property Taxes Receivable	21,550	0	0	0	0	0	21,550		
Prepaid Expenses	45,167	0	0	0	0	0	45,167		
Property, Plant, & Equipment	0	0	0	349,171	0	0	349,171		
Amount To Be Provided For Retirement of General L/T Debt	0	0	0	0	0	423,861	423,861		
Total Assets	\$ 191,756	\$ 20,938	\$ 14,246	\$ 349,171	\$ 423,861	\$ 999,972			
Liabilities									
Accounts Payable	\$ 9,803	\$ 884	\$ 0	0	0	0	10,687		
Due To Other Funds	0	4,646	2,410	0	0	0	7,056		
Performance Bonds Payable	0	0	11,836	0	0	0	11,836		
Due To County	0	0	0	0	0	0	0		
Road Bonds Payable	0	0	0	0	0	423,861	423,861		
Total Liabilities	9,803	5,530	14,246	0	423,861	453,440			
Fund Equity									
Investment in General Fixed Assets	0	0	0	349,171	0	0	349,171		
Fund Balance - Designated Hemingway Lake	10,590	0	0	0	0	0	10,590		
- Undesignated	171,363	15,408	0	0	0	0	186,771		
Total Fund Balance	181,953	15,408	0	349,171	0	546,532			
Total Liabilities & Fund Equity	\$ 191,756	\$ 20,938	\$ 14,246	\$ 349,171	\$ 423,861	\$ 999,972			

The notes are an integral part of the statements.

Township of Marathon
Combined Statements of Revenues, Expenditures,
And Changes in Fund Balance
Actual - All Governmental Fund Types
For The Year Ended March 31, 2004

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	General Fund	Special Revenue Building Inspection Fund	
<u>Revenues</u>			
Property Taxes	\$ 157,484	\$ 0	\$ 157,484
State Shared Revenue	245,509	0	245,509
Charges for Services	27,479	0	27,479
Licenses, Permits, & Fees	8,010	57,381	65,391
Interest Earnings	1,424	0	1,424
Miscellaneous Revenues	70,687		70,687
<u>Total Revenues</u>	<u>510,593</u>	<u>57,381</u>	<u>567,974</u>
<u>Expenditures</u>			
General Government	179,965	0	179,965
Public Safety	55,682	48,500	104,182
Highways, Streets, & Bridges	129,205	0	129,205
Cemetery	2,603	0	2,603
Other Functions	14,779	0	14,779
<u>Total Expenditures</u>	<u>382,234</u>	<u>48,500</u>	<u>430,734</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	128,359	8,881	137,240
<u>Fund Balance - April 1, 2003</u>	<u>53,594</u>	<u>6,527</u>	<u>60,121</u>
<u>Fund Balance - March 31, 2004</u>	<u>\$ 181,953</u>	<u>\$ 15,408</u>	<u>\$ 197,361</u>

The notes are an integral part of the statements.

Township of Marathon

Combined Statements of Revenues, Expenditures,
And Changes in Fund Balance
Actual Compared to Budget - All Governmental Fund Types
For The Year Ended March 31, 2004

	Governmental Fund Types						Totals (Memorandum Only)		
	General Fund			Special Revenue					
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
Revenues									
Property Taxes	\$ 137,744	\$ 157,484	\$ 19,740	\$ 0	\$ 0	\$ 0	\$ 137,744	\$ 157,484	\$ 19,740
State Shared Revenue	239,561	245,509	5,948	0	0	0	239,561	245,509	5,948
Charges for Services	24,250	27,479	3,229	0	0	0	24,250	27,479	3,229
Licenses, Permits, & Fees	1,800	8,010	6,210	51,000	57,381	6,381	52,800	65,391	12,591
Interest Earnings	0	1,424	1,424	0	0	0	0	1,424	1,424
Miscellaneous Revenues	3,100	70,687	67,587	0	0	0	3,100	70,687	67,587
Total Revenues	406,455	510,593	104,138	51,000	57,381	6,381	457,455	567,974	110,519
Expenditures									
General Government	199,892	179,965	19,927	0	0	0	199,892	179,965	19,927
Public Safety	59,029	55,682	3,347	51,000	48,500	2,500	110,029	104,182	5,847
Highways, Streets, & Bridges	225,994	129,205	96,789	0	0	0	225,994	129,205	96,789
Cemetery	3,600	2,603	997	0	0	0	3,600	2,603	997
Other Functions	16,037	14,779	1,258	0	0	0	16,037	14,779	1,258
Total Expenditures	504,552	382,234	122,318	51,000	48,500	2,500	555,552	430,734	124,818
Excess of Revenues Over (Under) Expenditures	(98,097)	128,359	226,456	0	8,881	8,881	(98,097)	137,240	235,337
Other Financing Sources (Uses)									
Operating Transfers In (Out)	0	0	0	0	0	0	0	0	0
Excess of Revenues & Operating Transfers In Over Expenditures & Operating Transfers Out	(98,097)	128,359	226,456	0	8,881	8,881	(98,097)	137,240	235,337
Fund Balances - April 1, 2003	98,097	53,594	(44,503)	0	6,527	6,527	98,097	60,121	(37,976)
Fund Balances - March 31, 2004	\$ 0	\$ 181,953	\$ 181,953	\$ 0	\$ 15,408	\$ 15,408	\$ 0	\$ 197,361	\$ 197,361

The notes are an integral part of the statements.

Township of Marathon
Notes To Financial Statements
For The Year Ended March 31, 2004

The accounting methods and procedures adopted by the Township of Marathon, Lapped County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Township was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

Component Units - In accordance with generally accepted accounting principles, there are no component units of Government required to be included in the Financial Reporting Entity either as blended component units or discretely presented component units.

Basis of Presentation - Fund Accounting - The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The Township has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The funds are grouped into fund types and generic funds as described below:

Governmental Fund Types - These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund: This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds: The Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than assessments or expendable trusts) that are legally restricted to expenditures for specified purposes. This fund includes: Building Inspection Fund

Fiduciary Fund Types - These funds account for assets held by the Township as a trustee or agent for individuals, private organization, and other units of governments. These funds are as follows:

Expendable Trust and Agency Funds: These funds, used to account for assets held in trust of as an agent for others, include the Tax Collection Fund (property taxes) and Agency Fund (performance bonds).

Account Groups - In addition to the broad types of governmental funds, the Township also maintains one account group as described below:

General Fixed Assets Account Group: This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes.

General Long-Term Debt Account Group: This account group is established to account for the Township's long-term debt that will be financed from general governmental resources.

Township of Marathon
Notes To Financial Statements
For The Year Ended March 31, 2004

Basis of Accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The General Fund and Special Revenue Fund use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Agency Funds also use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

Budgetary Data - The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Township Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior April 1, the budget is legally enacted.
4. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level.
5. Budget amounts are as originally adopted, or as amended by the Township Board. Individual amendments were not material in relation to the original appropriations which were amended.

Cash - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

Investments - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

Due To and Due From Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Other Assets - Other assets held are recorded and accounted for at cost.

Property, Plant, and Equipment - Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges, are not capitalized. Property, plant, and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the General Fixed Assets Account Group.

Property, plant, and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Fund Equity - The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

Township of Marathon
Notes To Financial Statements
For The Year Ended March 31, 2004

Revenues and Expenditures/Expenses - Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and nontax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Property Tax Revenues - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Proper allowances are made for estimated uncollectible accounts and delinquent accounts.

Vacation, Sick Leave, and Other Compensated Absences - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

Total Columns - The Combined Financial Statements include total columns that are described as memoranda only. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of each financial statement.

2. Stewardship, Compliance, and Accountability

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

3. Cash and Investments

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the Local Unit's cash deposits are as follows:

	Carrying Amount	Bank Balances
Insured (FDIC)	\$ 153,167	\$ 153,167
Uninsured and Uncollateralized	0	0
Total Deposits	<u>\$ 153,167</u>	<u>\$ 153,167</u>

All cash deposits and investments of the Township are held by the Township in the Township's name.

Township of Marathon
Notes To Financial Statements
For The Year Ended March 31, 2004

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

Investment Type	(1)	(2)	(3)	Carrying Amount	Market Value
Risk Categorized		NONE			
Operating Funds					
US Treasury Bonds					
Investment in Deferred					
Compensation Plans					
Total Risk-Categorized					
Investments					

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

4. Retirement Plan

The Township has a defined contribution pension plan through an insurance company. All full-time employees of the Township are covered under the plan. The Township contributes an amount each year and employees may contribute additional amounts. The Township's contribution for the year ended March 31, 2004, was \$9,973.05 which was entirely paid during the year.

5. Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and must be paid by the following February 14.

Property taxes are not recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available. Property taxes are recorded as revenue when collected.

The Township levied the following taxes:

General Government Services 1.4424 mills

Township of Marathon
Notes To Financial Statements
For The Year Ended March 31, 2004

6. Due To / From Other Funds

As of March 31, 2004, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>
Agency Fund	\$ 4,646	Building Fund	\$ 4,646
General Fund	976	Trust & Agency	976
General Fund	<u>1,434</u>	Tax Collection	<u>1,434</u>
Total	<u>\$ 7,056</u>		<u>\$ 7,056</u>

7. Property, Plant, and Equipment

Activity for general fixed assets that are capitalized by the Township is summarized below:

<u>Assets</u>	<u>Balance April 1, 2003</u>	<u>Addition</u>	<u>Deduction</u>	<u>Balance March 31, 2004</u>
Land	\$ 11,613	\$ 0	\$ 0	\$ 11,613
Land Improvements	3,312	0	0	3,312
Machinery and Equipment	53,824	0	0	53,824
Office Equipment	62,439	0	0	62,439
Building	217,983	0	0	217,983
Total	<u>\$ 349,171</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 349,171</u>

8. Deficit Fund Balance or Retained Earnings Balances of Individual Funds

None

9. Comparative Data

Comparative total data for the prior year has not been presented.

10. Excess of Expenditures over Appropriations in Budgetary Funds

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

Township of Marathon
Notes To Financial Statements
For The Year Ended March 31, 2004

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund			
Elections	\$ 0	\$ 128	\$ 128
Police Protection	49,629	53,080	3,451

11. Post Employment Benefits

The Township does not provide any post employment benefits other than the pension benefits.

12. Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

13. Long-Term Debt

The general long-term debt of the Township and the changes therein, are summarized as follows:

General Long-Term Debt Account Group

<u>Primary Government</u>	<u>Balance April 1, 2003</u>	<u>Addition</u>	<u>Reductions</u>	<u>Balance March 31, 2004</u>
<u>1997 Lapeer County Road Commission Bond</u>				
Obligation Refunding Bonds				
Dated February 1, 1998, \$20,000;				
principal due through 2007 and interest payable				
February 1, and August 1, at 4.4% - 4.9%	\$ 100,000	\$ 0	\$ 20,000	\$ 80,000
<u>2000 Lapeer County Road Commission Bond</u>				
Dated August 1, 2000, \$49,122.98				
principal due through 2010 and interest payable				
February 1, and August 1, at 4.4% - 5.0%	392,984	0	49,123	343,861
 <u>Total General Obligation Bonds</u>	 <u>\$ 492,984</u>	 <u>\$ 0</u>	 <u>\$ 69,123</u>	 <u>\$ 423,861</u>

Township of Marathon
Notes To Financial Statements
For The Year Ended March 31, 2004

The annual principal and interest requirements for the years ending March 31, 2004 through 2009 for all debts outstanding as of March 31, 2004 are as follows:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>After 2009</u>
General Obligation Bonds	<u>\$ 69,123</u>	<u>\$ 69,123</u>	<u>\$ 69,123</u>	<u>\$ 69,123</u>	<u>\$ 69,123</u>	<u>\$ 78,246</u>

Total Interest expense for the Township for the year ended March 31, 2004, was \$22,052.33.

The following is a schedule of the bond payments:

1997 Lapeer Country Road Commission Bond

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
8/1/2004	\$ 20,000	\$ 1,915	\$ 21,915
2/1/2005	0	1,445	1,445
8/1/2005	20,000	1,445	21,445
2/1/2006	0	970	970
8/1/2006	20,000	970	20,970
2/1/2007	0	490	490
8/1/2007	20,000	490	20,490
Balance as of March 31, 2003	<u>\$ 80,000</u>	<u>\$ 7,725</u>	<u>\$ 87,725</u>

2000 Lapeer County Road Commission Bond

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
8/1/2004	\$ 49,123	\$ 8,252	\$ 57,375
2/1/2005	0	7,115	7,115
8/1/2005	49,123	7,115	56,238
2/1/2006	0	5,953	5,953
8/1/2006	49,123	5,953	55,076
2/1/2007	0	4,792	4,792
8/1/2007	49,123	4,792	53,915
2/1/2008	0	3,606	3,606
8/1/2008	49,123	3,606	52,729
2/1/2009	0	2,420	2,420
8/1/2009	49,123	2,420	51,543
2/1/2010	0	1,210	1,210
8/1/2010	49,123	1,210	50,333
Balance as of March 31, 2004	<u>\$ 343,861</u>	<u>\$ 58,444</u>	<u>\$ 402,305</u>

Supporting Schedules

Township of Marathon
Combined Statements of Revenues, Expenditures,
And Changes in Fund Balance
Actual - General Fund
For The Year Ended March 31, 2004

	General Fund		
	Budget	Actual	Over (Under) Budget
<u>Revenues</u>			
Property Taxes	\$ 137,744	\$ 157,484	\$ 19,740
Licenses, Permits & Fees	1,800	8,010	6,210
State Revenue Sharing	239,561	245,509	5,948
Charges for Services:			
Property Tax Administration	24,000	27,479	3,479
Miscellaneous Fees	250	0	(250)
Refunds/Reimbursement	0	5,364	5,364
Hall Rent	3,000	650	(2,350)
Interest	0	1,424	1,424
Miscellaneous	100	64,673	64,573
<u>Total Revenues</u>	\$ 406,455	\$ 510,593	\$ 104,138
<u>Expenditures</u>			
Legislative:			
Township Board	\$ 16,037	\$ 14,779	\$ 1,258
General Government:			
Supervisor	17,300	16,950	350
Elections	0	128	(128)
Assessor	31,250	26,589	4,661
Professional Fees	16,312	12,333	3,979
Clerk	27,191	26,215	976
Board of Review	1,350	998	352
Treasurer	27,891	27,870	21
Clerical	27,300	27,300	0
Building & Grounds	36,098	27,402	8,696
Public Safety:			
Police Protection	49,629	53,080	(3,451)
Planning - Zoning	8,200	1,744	6,456
Street Lights	1,200	858	342
Public Works:			
Hemingway Lake Expense	6,744	6,700	44
Highways & Streets	218,050	121,524	96,526
Drains at Large	1,200	981	219
Cemetery:			
Expenses	3,600	2,603	997
Other Functions:			
Insurance	7,200	6,520	680
Pension	8,000	7,660	340
<u>Total Expenditures</u>	504,552	382,234	122,318
Excess of Revenues Over (Under) Expenditures	(98,097)	128,359	226,456
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In (Out)	0	0	0
<u>Excess of Revenues & Operating Transfers In Over (Under) Expenditures & Operating Transfers Out</u>	(98,097)	128,359	226,456
Fund Balance - April 1, 2003	98,097	53,594	(44,503)
Fund Balance - March 31, 2004	\$ 0	\$ 181,953	\$ 181,953

Township of Marathon

Combining Balance Sheets

All Agency Funds

March 31, 2004

	Agency Fund	Tax Collection Fund	Totals March 31, 2004
<u>Assets</u>			
Cash	\$ 8,166	\$ 1,434	\$ 9,600
Due From Building Fund	<u>4,646</u>	<u>0</u>	<u>4,646</u>
<u>Total Liabilities</u>	<u>\$ 12,812</u>	<u>\$ 1,434</u>	<u>\$ 14,246</u>
<u>Liabilities</u>			
Due To General Fund	\$ 976	\$ 1,434	\$ 2,410
Performance Bonds Payable	<u>11,836</u>	<u>0</u>	<u>11,836</u>
<u>Total Liabilities</u>	<u>\$ 12,812</u>	<u>\$ 1,434</u>	<u>\$ 14,246</u>

LEHN L. KING
CERTIFIED PUBLIC ACCOUNTANT

3078 S. MAIN STREET
MARLETTE, MICHIGAN 48453

Phone 989-635-3113
Fax 989-635-5580

June 9, 2004

Members of the Township Board
Marathon Township
Lapeer County, Michigan

Board Members:

In accordance with your request, I have made an examination of the financial statements of Marathon Township for the fiscal year ended March 31, 2004. During the course of my examination, certain items have come to my attention on which I would like to comment and offer my recommendations.

- 1.) The Salaries Resolution is to be made at the annual meeting. This motion for the Salaries Resolution is to be voted on by the Constituencies of the Township.
- 2.) The motion to pay bills must identify the bills that are being paid. Authorization to pay bills stems from approval in the Minutes. A person must be able to trace the bills paid to the authorization to pay them in the Minutes.
- 3.) All income received by the Township needs to be receipted for purposes of internal control. Any remittance advice received with income should be attached to the receipt. These receipts should be pre-numbered and used in numerical order. The receipt number should be recorded in Quickbooks when posting the receipt in the accounting system in order to be able to trace it into the General Ledger.
- 4.) The Building Inspection Fund needs to adopt its own separate budget apart from the General Fund's budget.
- 5.) An employee of the Township can only exclude an expense reimbursement from their salary and subsequently, taxable income, by following the guidelines of an 'Accountable Plan' as defined by the IRS Code.

I thank the Township officials for the cooperation I received in the completion of this examination. Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

Lehn King

Lehn L. King, C.P.A.